

DOCKETED

OPEN MEETING



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NOV 26 2013

MEMORANDUM

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RECEIVED
AZ CORP COMMISSION
DOCKET CONTROL

TO: THE COMMISSION

2013 NOV 26 PM 2 34

FROM: Utilities Division

DATE: November 26, 2013

ORIGINAL

RE: TUCSON ELECTRIC POWER – NOTICE OF CLARIFICATION OF TARIFFS
AND ALTERNATIVE REQUEST FOR APPROVAL (DOCKET NO. E-
01933A-12-0291)

Background. On July 3, 2012, Tucson Electric Power Company (“TEP” or “the Company”) filed an application for a rate increase. On June 27, 2013, Decision No. 73912 was issued granting a rate increase. Subsequently, in compliance with that Decision, on July 2, 2013, TEP filed the following items:

- Schedule of Rates and Charges;
- Rules and Regulations;
- Purchased Power and Fuel Adjustment Clause Plan of Administration;
- Environmental Compliance Adjustor Plan of Administration; and
- Lost Fixed Cost Recovery Mechanism Plan of Administration.

Notice of Clarification. On July 3, 2013, the Company filed a Notice of Clarification of Tariffs and Alternative Request for Approval (“Notice of Clarification.”). A corrected version of the Large General Service Time-of-Use Program (“LGS-85”) tariff was attached to the Notice of Clarification and is intended to replace the incorrect version that was attached to Decision No. 73912. The language of the incorrect tariff did not reflect the type of demand billing agreed upon during settlement and, if not corrected, could result in higher demand charges for customers on the LGS-85 tariff.

The incorrect language would base off-peak billing demand on the greatest of (i) 75% of the maximum off-peak period billing demand used for billing purposes during the preceding 11 months, or (ii) a contract demand amount of not less than 200 kW. The corrected language bases off-peak demand billing on the maximum 15-minute measured demand during the off-peak period of the billing month.

The Notice of Clarification stated, in addition, that two frozen lifeline tariffs (R 06-201AF and R 06-201BF) had been inadvertently excluded from Decision No. 73912.

Corrections. A corrected version of the LGS-85 tariff was attached to the Notice of Clarification. The R 06-201AF and R 06-201BF frozen lifeline tariffs were included with the Company’s compliance filing, docketed on July 2, 2013.

Request for Approval. In its application, TEP states that it feels no further action is necessary. Should the Commission feel that separate action is required, TEP requests approval of the changes in accordance with Section 15.2 of the Settlement Agreement. Section 15.2 states as follows:

"The rate design portion of this Agreement shall remain open until July 1, 2014, to allow for the possible adjustment of specific tariffs to correct for unanticipated customer rate impacts that are determined to be inconsistent with the public interest. Any tariff changes will not have the effect, in the aggregate, of reducing TEP's non-fuel revenue requirement."

The Notice of Clarification indicates that the correct LGS-85 tariff is already reflected in the Commission-approved proof of revenue, as are R 06-201AF and R 06-201BF.

Recommendations. Staff believes ratepayers will benefit by clarifying the record and explicitly approving the corrected LGS-85 tariff, and the R 06-201AF and R 06-201BF tariffs, as discussed herein. Accordingly, Staff recommends that the corrected LGS-85 tariff and the R 06-201AF and R 06-201BF tariffs filed in compliance be approved.



Steven M. Olea
Director
Utilities Division

SMO:JMK:sms\RRM

Originator: Julie McNeely-Kirwan

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 BOB STUMP

Chairman

3 GARY PIERCE

Commissioner

4 BRENDA BURNS

Commissioner

5 BOB BURNS

Commissioner

6 SUSAN BITTER SMITH

Commissioner

7
8 IN THE MATTER OF THE APPLICATION)
9 OF TUCSON ELECTRIC POWER)
10 COMPANY FOR THE ESTABLISHMENT)
11 OF JUST AND REASONABLE RATES AND)
12 CHARGES DESIGNED TO REALIZE A)
13 REASONABLE RATE OF RETURN ON)
14 THE FAIR VALUE OF IT OPERATIONS)
15 THROUGHOUT THE STATE OF ARIZONA)

DOCKET NO. E-01933A-12-0291

DECISION NO. _____

ORDER

13 Open Meeting
14 December 17 and 18, 2013
15 Phoenix, Arizona

16 BY THE COMMISSION:

17 FINDINGS OF FACT

18 1. Tucson Electric Power Company ("TEP" or "the Company") is engaged in
19 providing electric power within portions of Arizona, pursuant to authority granted by the Arizona
20 Corporation Commission.

21 2. Background. On July 3, 2012, TEP filed an application for a rate increase. On June
22 27, 2013, Decision 73912 was issued granting a rate increase. Subsequently, on July 2, 2013, TEP
23 filed the following items in compliance with that Decision:

- 24 • Schedule of Rates and Charges;
- 25 • Rules and Regulations;
- 26 • Purchased Power and Fuel Adjustment Clause Plan of Administration;
- 27 • Environmental Compliance Adjustor Plan of Administration; and
- 28 • Lost Fixed Cost Recovery Mechanism Plan of Administration.

1 3. Notice of Clarification. On July 3, 2013, the Company filed a Notice of
2 Clarification of Tariffs and Alternative Request for Approval ("Notice of Clarification."). A
3 corrected version of the Large General Service Time-of-Use Program ("LGS-85") tariff was
4 attached to the Notice of Clarification and is intended to replace the incorrect version that was
5 attached to Decision No. 73912. The language of the incorrect tariff did not reflect the type of
6 demand billing agreed upon during settlement and, if not corrected, could result in higher demand
7 charges for customers on the LGS-85 tariff.

8 4. The incorrect language would base off-peak billing demand on the greatest of (i)
9 75% of the maximum off-peak period billing demand used for billing purposes during the
10 preceding 11 months, or (ii) a contract demand amount of not less than 200 kW. The corrected
11 language bases off-peak demand billing on the maximum 15-minutes measured demand during the
12 off-peak period of the billing month.

13 5. The Notice of Clarification stated, in addition, that two frozen lifeline tariffs (R 06-
14 201AF and R 06-201BF) had been inadvertently excluded from Decision No. 73912.

15 6. Corrections. A corrected version of the LGS-85 tariff was attached to the Notice of
16 Clarification. The R 06-201AF and R 06-201BF frozen lifeline tariffs were included with the
17 Company's compliance filing, docketed on July 2, 2013.

18 7. Request for Approval. In its application, TEP states that it feels no further action is
19 necessary. Should the Commission feel that separate action is required, TEP requests approval of
20 the changes in accordance with Section 15.2 of the Settlement Agreement. Section 15.2 states as
21 follows:

22 *"The rate design portion of this Agreement shall remain open until*
23 *July 1, 2014, to allow for the possible adjustment of specific tariffs to*
24 *correct for unanticipated customer rate impacts that are determined*
25 *to be inconsistent with the public interest. Any tariff changes will not*
 have the effect, in the aggregate, of reducing TEP's non-fuel revenue
 requirement."

26 8. The Notice of Clarification indicates that the correct LGS-85 tariff is already
27 reflected in the Commission-approved proof of revenue, as are R 06-201AF and R 06-201BF.

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CONCLUSIONS OF LAW

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ORDER

IT IS THEREFORE ORDERED that the corrected LGS-85 tariff filed on July 3, 2013, in Tucson Electric Company's Notice of Clarification be, and hereby is, approved.

IT IS FURTHER ORDERED that the R 06-201AF and R 06-201BF tariffs filed on July 2, 2013 as part of Tucson Electric Company's compliance filing be, and hereby are, approved.

IT IS FURTHER ORDERED that this Decision shall be effective immediately.

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, JODI JERICH, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this _____ day of _____, 2013.

JODI JERICH
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

SMO:JMK:sms\RRM

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